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20 *Group, Inc.*

21 UNITED STATES DISTRICT COURT
22 CENTRAL DISTRICT OF CALIFORNIA

23 CAROLINE B. WILLIAMS, as
24 Trustee of the CAROLINE
25 WILLIAMS CHARITABLE
26 REMAINDER UNITRUST, a
27 California trust; and BLACK &
28 WILLIAMS FAMILY LIMITED
PARTNERSHIP, a Nevada limited
partnership,

Plaintiffs,

vs.

WELLS FARGO BANK, N.A., a
foreign unincorporated entity; and
THE VANGUARD GROUP, INC., a
foreign corporation; and DOES 1
through 10,

Defendants.

Case No. SACV13-01310 DOC (AGRx)

Hon. David O. Carter

ANSWER

(Originally filed as Orange County
Superior Court Case No. 30-2013-
00663878-CU-BT-CJC)

1 Defendant The Vanguard Group, Inc. ("Vanguard") answers the complaint of
2 Plaintiffs Caroline Williams, as Trustee of the Caroline Williams Charitable
3 Remainder Unitrust, and Black & Williams Family Limited Partnership
4 ("Plaintiffs") as follows:

5 1. Vanguard lacks knowledge sufficient to form a belief as to the truth of
6 the allegations of Paragraph 1, and on that basis denies those allegations.

7 2. Vanguard lacks knowledge sufficient to form a belief as to the truth of
8 the allegations of Paragraph 2, and on that basis denies those allegations.

9 3. Vanguard lacks knowledge sufficient to form a belief as to the truth of
10 the allegations of Paragraph 3, and on that basis denies those allegations.

11 4. Paragraph 4 asserts a legal conclusion which Vanguard is not required
12 to admit or deny. To the extent that a response is required, Vanguard states that it
13 lacks knowledge sufficient to form a belief as to the truth of the allegations of
14 Paragraph 4, and on that basis denies those allegations.

15 5. Vanguard lacks knowledge sufficient to form a belief as to the truth of
16 the allegations of Paragraph 5, and on that basis denies those allegations.

17 6. Vanguard states that it is a Pennsylvania corporation with its principal
18 place of business in Malvern, Pennsylvania. The remainder of Paragraph 6 asserts
19 legal conclusions which Vanguard is not required to admit or deny. To the extent
20 that a response is required, Vanguard states that it has, from time to time,
21 participated in certain business transaction s that have, in some part, taken place in
22 the State of California.

23 7. Vanguard lacks knowledge sufficient to form a belief as to the truth of
24 the allegations of Paragraph 7, and on that basis denies those allegations.

25 8. Vanguard lacks knowledge sufficient to form a belief as to the truth of
26 the allegations of Paragraph 8, and on that basis denies those allegations.

27 9. Vanguard states that on or about August 6, 2012, a Writ of
28 Garnishment Before Judgment ("Writ of Garnishment") was issued to Vanguard by

1 the District Court of Harris County, Texas (the "Texas District Court"), in the
2 matter of *Wells Fargo Bank, as Trustee v. Hirani, et al.*, Case No. 2011-64464 (the
3 "Texas Litigation"). Vanguard further states upon information and belief that the
4 Writ of Garnishment was issued by the Texas District Court at the request of Wells
5 Fargo, and that Vanguard froze certain accounts with the knowledge of Wells Fargo
6 in compliance with the Writ of Garnishment. Vanguard denies the remaining
7 allegations of Paragraph 9 insofar as they relate to Vanguard.

8 10. Paragraph 10 asserts a legal conclusion which Vanguard is not
9 required to admit or deny. To the extent that a response is required, Vanguard
10 denies the allegations of Paragraph 10.

11 11. Vanguard admits the allegations of Paragraph 11.

12 12. Upon information and belief, Vanguard states that the Texas District
13 Court in the Texas Litigation ordered that judgment be entered against Chris Yoon
14 and Caroline B. Williams in the amount of \$1,377,015.74, jointly and severally, for
15 an outstanding debt owed to Wells Fargo in connection with a Texas property
16 investment. Vanguard lacks knowledge sufficient to form a belief as to the truth of
17 the remaining allegations of Paragraph 12, and on that basis denies those
18 allegations.

19 13. Vanguard states upon information and belief that the Writ of
20 Garnishment was issued by the Texas District Court in the Texas Litigation at the
21 request of Wells Fargo on or about August 6, 2012. Vanguard denies any
22 additional allegations of Paragraph 13.

23 14. Vanguard states that it advised Caroline Williams by letter dated
24 August 15, 2012, that Vanguard had been served with the Writ of Garnishment in
25 the Texas Litigation, that it had been compelled to freeze certain identified accounts
26 as a result of the Writ of Garnishment, and that pursuant to the court order, no
27 exchanges, redemptions, or checkwriting redemptions from the identified accounts
28 would be permitted until such time as Vanguard received a court order from a court

1 of appropriate jurisdiction instructing otherwise. Vanguard denies the remaining
2 allegations of Paragraph 14.

3 15. Vanguard states that a traditional individual retirement account (IRA)
4 and a Roth IRA registered in the name of Caroline Williams and a Williams Trust
5 account for which Caroline Williams was identified as trustee were maintained with
6 Vanguard in or around August 2012. Vanguard further states that Caroline
7 Williams' traditional IRA and her Roth IRA were not frozen by Vanguard. The
8 Williams Trust account was frozen pursuant to the Writ of Garnishment issued to
9 Vanguard by the Texas District Court in the Texas Litigation. Vanguard further
10 states that allegations regarding the legal treatment of retirement accounts under
11 applicable state law assert legal conclusions which Vanguard is not required to
12 admit or deny. Vanguard denies any remaining allegations of Paragraph 15.

13 16. Vanguard states that on or about August 30, 2012, Vanguard filed an
14 Answer to Writ of Garnishment Before Judgment in the Texas Litigation. In its
15 Answer, Vanguard stated, among other things, that it maintained a Roth and a
16 Traditional IRA registered in the name of Caroline B. Williams, as well as the
17 Williams Trust, the Caroline Williams Charitable Remainder Unitrust, and the
18 Black and Williams Family Limited Partnership. Vanguard denies any remaining
19 allegations of Paragraph 16.

20 17. Vanguard states that in the Answer to Writ of Garnishment referenced
21 in Paragraph 16, above, Vanguard stated, among other things, that on August 14,
22 2012, the Roth IRA was valued at \$36,056.99, the traditional IRA was valued at
23 \$409,356.58, the Williams Trust was valued at \$17,923.79, the Caroline Williams
24 Charitable Remainder Unitrust was valued at \$260,108.78, and the Black and
25 Williams Family Limited Partnership was valued at \$1,101,205.90, with a linked
26 brokerage account valued at \$196,116.11. Vanguard further stated that due to
27 market fluctuation, those values were subject to change if and when the shares or
28

1 securities were redeemed or sold. Vanguard denies any remaining allegations of
2 Paragraph 17.

3 18. Vanguard states that when the Answer to Writ of Garnishment
4 referenced in Paragraph 16, above, was filed, Vanguard had frozen the Williams
5 Trust, the Caroline Williams Charitable Remainder Unitrust, and the Black and
6 Williams Family Limited Partnership in compliance with the Writ of Garnishment
7 issued by the Texas District Court in the Texas Litigation. Vanguard further states
8 that the Answer to Writ of Garnishment includes a statement that “before Vanguard
9 can release the attached funds, a Texas judgment must be registered in
10 Pennsylvania pursuant to 42 Pa. C.S. §4306 and execution proceedings commenced
11 under Pennsylvania law.” Vanguard denies any remaining allegations of Paragraph
12 18.

13 19. Vanguard states that after the Writ of Garnishment was issued in the
14 Texas Litigation, Vanguard received one or more communications from an
15 individual identified as counsel for Caroline Williams who demanded that the
16 Caroline Williams Charitable Remainder Unitrust and the Black and Williams
17 Family Limited Partnership be unfrozen. Vanguard is not aware, however, that
18 Caroline Williams or her counsel took steps to challenge or amend the terms of the
19 Writ of Garnishment issued by the Texas District Court. Vanguard denies any
20 remaining allegations of Paragraph 19.

21 20. Paragraph 20 asserts a legal conclusion which Vanguard is not
22 required to admit or deny.

23 21. Vanguard states that the allegations of Paragraph 21 regarding the
24 origin, nature and purpose of the Caroline Williams Charitable Remainder Unitrust
25 assert legal conclusions which Vanguard is not required to admit or deny and as to
26 which Vanguard has no personal knowledge. Vanguard affirmatively denies any
27 allegation that it has acted improperly, and denies any remaining allegations of
28 Paragraph 21.

1 22. Paragraph 22 asserts legal conclusions which Vanguard is not required
2 to admit or deny. To the extent that a response is required, Vanguard denies the
3 allegations of Paragraph 22.

4 23. Vanguard states that the Williams Trust, the Caroline Williams
5 Charitable Remainder Unitrust, and the Black and Williams Family Limited
6 Partnership accounts remain frozen pursuant to the Writ of Garnishment issued by
7 the Texas District Court in the Texas Litigation. Vanguard denies the remaining
8 allegations of Paragraph 23.

9 24. Vanguard incorporates by reference its responses to Paragraphs 1
10 through 23.

11 25. Vanguard states that the Caroline Williams Charitable Remainder
12 Unitrust and the Black and Williams Family Limited Partnership accounts are
13 maintained with Vanguard. Vanguard further states that a Writ of Garnishment was
14 issued by the Texas District Court in the Texas Litigation. Vanguard further states
15 upon information and belief that the Writ of Garnishment was issued by the Texas
16 District Court at the request of Wells Fargo. Vanguard further states that, pursuant
17 to the Writ of Garnishment, Vanguard froze the Caroline Williams Charitable
18 Remainder Unitrust and the Black and Williams Family Limited Partnership
19 accounts. Vanguard denies any remaining allegations of Paragraph 25.

20 26. Vanguard states that the Plaintiffs have demanded that the Caroline
21 Williams Charitable Remainder Unitrust and the Black and Williams Family
22 Limited Partnership be unfrozen. Vanguard further states that those demands are
23 contrary to the Writ of Garnishment issued by the Texas District Court in the Texas
24 Litigation and, to Vanguard's knowledge, Plaintiffs have not taken steps to
25 challenge or amend the Writ of Garnishment. Vanguard further states that,
26 consistent with the Writ of Garnishment, Vanguard has not unfrozen the Caroline
27 Williams Charitable Remainder Unitrust and the Black and Williams Family
28

1 Limited Partnership accounts to date. Vanguard denies the remaining allegations of
2 Paragraph 26.

3 27. Vanguard agrees that a dispute exists between the parties, but denies
4 the remaining allegations of Paragraph 27.

5 28. Vanguard incorporates by reference its responses to Paragraphs 1
6 through 27.

7 29. Vanguard states that the Caroline Williams Charitable Remainder
8 Unitrust and the Black and Williams Family Limited Partnership accounts are
9 maintained with Vanguard. Vanguard further states that on August 14, 2012, the
10 Caroline Williams Charitable Remainder Unitrust was valued at \$260,108.78, and
11 the Black and Williams Family Limited Partnership was valued at \$1,101,205.90,
12 with a linked brokerage account valued at \$196,116.11. Vanguard denies the
13 remaining allegations of Paragraph 29.

14 30. Vanguard states that a Writ of Garnishment was issued by the Texas
15 District Court in the Texas Litigation. Vanguard further states upon information
16 and belief that the Writ of Garnishment was issued by the Texas District Court at
17 the request of Wells Fargo. Vanguard further states that, pursuant to the Writ of
18 Garnishment, Vanguard froze the Caroline Williams Charitable Remainder Unitrust
19 and the Black and Williams Family Limited Partnership accounts. Vanguard denies
20 any remaining allegations of Paragraph 30.

21 31. Vanguard states that the Plaintiffs have demanded that the Caroline
22 Williams Charitable Remainder Unitrust and the Black and Williams Family
23 Limited Partnership be unfrozen. Vanguard further states that those demands are
24 contrary to the Writ of Garnishment issued by the Texas District Court in the Texas
25 Litigation and, to Vanguard's knowledge, Plaintiffs have not taken steps to
26 challenge or amend the Writ of Garnishment. Vanguard further states that,
27 consistent with the Writ of Garnishment, Vanguard has not unfrozen the Caroline
28 Williams Charitable Remainder Unitrust and the Black and Williams Family

1 Limited Partnership accounts to date. Vanguard denies the remaining allegations of
2 Paragraph 31.

3 32. Vanguard denies the allegations of Paragraph 32.

4 33. Vanguard denies the allegations of Paragraph 33.

5 34. Vanguard denies the allegations of Paragraph 34.

6 35. Vanguard denies the allegations of Paragraph 35.

7 36. Vanguard denies the allegations of Paragraph 36.

8 37. Vanguard incorporates by reference its responses to Paragraphs 1
9 through 36.

10 38. Vanguard states that the Caroline Williams Charitable Remainder
11 Unitrust and the Black and Williams Family Limited Partnership accounts are
12 maintained with Vanguard. Vanguard further states that on August 14, 2012, the
13 Caroline Williams Charitable Remainder Unitrust was valued at \$260,108.78, and
14 the Black and Williams Family Limited Partnership was valued at \$1,101,205.90,
15 with a linked brokerage account valued at \$196,116.11. Vanguard denies the
16 remaining allegations of Paragraph 38.

17 39. Vanguard states that a Writ of Garnishment was issued by the Texas
18 District Court in the Texas Litigation. Vanguard further states upon information
19 and belief that the Writ of Garnishment was issued by the Texas District Court at
20 the request of Wells Fargo. Vanguard further states that, pursuant to the Writ of
21 Garnishment, Vanguard froze the Caroline Williams Charitable Remainder Unitrust
22 and the Black and Williams Family Limited Partnership accounts. Vanguard denies
23 any remaining allegations of Paragraph 39.

24 40. Vanguard states that the Plaintiffs have demanded that the Caroline
25 Williams Charitable Remainder Unitrust and the Black and Williams Family
26 Limited Partnership be unfrozen. Vanguard further states that those demands are
27 contrary to the Writ of Garnishment issued by the Texas District Court in the Texas
28 Litigation and, to Vanguard's knowledge, Plaintiffs have not taken steps to

1 challenge or amend the Writ of Garnishment. Vanguard further states that,
2 consistent with the Writ of Garnishment, Vanguard has not unfrozen the Caroline
3 Williams Charitable Remainder Unitrust and the Black and Williams Family
4 Limited Partnership accounts to date. Vanguard denies the remaining allegations of
5 Paragraph 40.

6 41. Vanguard denies the allegations of Paragraph 41.

7 42. Vanguard denies the allegations of Paragraph 42.

8 43. Vanguard denies the allegations of Paragraph 43.

9 44. Vanguard denies the allegations of Paragraph 44.

10 45. Vanguard denies the allegations of Paragraph 45.

11 46. Vanguard incorporates by reference its responses to Paragraphs 1
12 through 45.

13 47. Vanguard is not required to admit or deny the allegations of Paragraph
14 47, which relate to a cause of action that is not asserted against Vanguard.

15 48. Vanguard is not required to admit or deny the allegations of Paragraph
16 48, which relate to a cause of action that is not asserted against Vanguard. To the
17 extent that any response from Vanguard may be necessary, Vanguard states that it
18 lacks knowledge or information sufficient to form a belief as to the truth of the
19 allegations of Paragraph 48 and on that basis denies those allegations.

20 49. Vanguard is not required to admit or deny the allegations of Paragraph
21 49, which relate to a cause of action that is not asserted against Vanguard. To the
22 extent that any response from Vanguard may be necessary, Vanguard denies the
23 allegations of Paragraph 49.

24 50. Vanguard is not required to admit or deny the allegations of Paragraph
25 50, which relate to a cause of action that is not asserted against Vanguard. To the
26 extent that any response from Vanguard may be necessary, Vanguard states that the
27 Plaintiffs have demanded that the Caroline Williams Charitable Remainder Unitrust
28 and the Black and Williams Family Limited Partnership be unfrozen. Vanguard

1 further states that those demands are contrary to the Writ of Garnishment issued by
2 the Texas District Court in the Texas Litigation and, to Vanguard's knowledge,
3 Plaintiffs have not taken steps to challenge or amend the Writ of Garnishment.
4 Vanguard further states that, consistent with the Writ of Garnishment, Vanguard
5 has not unfrozen the Caroline Williams Charitable Remainder Unitrust and the
6 Black and Williams Family Limited Partnership accounts to date. Vanguard denies
7 the remaining allegations of Paragraph 50.

8 51. Vanguard is not required to admit or deny the allegations of Paragraph
9 51, which relate to a cause of action that is not asserted against Vanguard. To the
10 extent that any response from Vanguard may be necessary, Vanguard denies the
11 allegations of Paragraph 51.

12 52. Vanguard is not required to admit or deny the allegations of Paragraph
13 52, which relate to a cause of action that is not asserted against Vanguard. To the
14 extent that any response from Vanguard may be necessary, Vanguard denies the
15 allegations of Paragraph 52.

16 53. Vanguard is not required to admit or deny the allegations of Paragraph
17 53, which relate to a cause of action that is not asserted against Vanguard. To the
18 extent that any response from Vanguard may be necessary, Vanguard denies the
19 allegations of Paragraph 53.

20 54. Vanguard incorporates by reference its responses to Paragraphs 1
21 through 53.

22 55. Vanguard is not required to admit or deny the allegations of Paragraph
23 55, which relate to a cause of action that is not asserted against Vanguard. To the
24 extent that any response from Vanguard may be necessary, Vanguard states that it
25 lacks knowledge or information sufficient to form a belief as to the truth of the
26 allegations of Paragraph 55 and on that basis denies those allegations.

27 56. Vanguard is not required to admit or deny the allegations of Paragraph
28 56, which relate to a cause of action that is not asserted against Vanguard. To the

1 extent that any response from Vanguard may be necessary, Vanguard states that it
2 lacks knowledge or information sufficient to form a belief as to the truth of the
3 allegations of Paragraph 56 and on that basis denies those allegations.

4 57. Vanguard is not required to admit or deny the allegations of Paragraph
5 57, which relate to a cause of action that is not asserted against Vanguard. To the
6 extent that any response from Vanguard may be necessary, Vanguard states that
7 Vanguard froze the Caroline Williams Charitable Remainder Unitrust and the Black
8 and Williams Family Limited Partnership accounts pursuant to a Writ of
9 Garnishment issued by the Texas District Court in the Texas Litigation. Vanguard
10 denies the remaining allegations of Paragraph 57.

11 58. Vanguard is not required to admit or deny the allegations of Paragraph
12 58, which relate to a cause of action that is not asserted against Vanguard. To the
13 extent that any response from Vanguard may be necessary, Vanguard states that the
14 Plaintiffs have demanded that the Caroline Williams Charitable Remainder Unitrust
15 and the Black and Williams Family Limited Partnership be unfrozen. Vanguard
16 further states that those demands are contrary to the Writ of Garnishment issued by
17 the Texas District Court in the Texas Litigation and, to Vanguard's knowledge,
18 Plaintiffs have not taken steps to challenge or amend the Writ of Garnishment.
19 Vanguard further states that, consistent with the Writ of Garnishment, Vanguard
20 has not unfrozen the Caroline Williams Charitable Remainder Unitrust and the
21 Black and Williams Family Limited Partnership accounts to date. Vanguard denies
22 the remaining allegations of Paragraph 58.

23 59. Vanguard is not required to admit or deny the allegations of Paragraph
24 59, which relate to a cause of action that is not asserted against Vanguard. To the
25 extent that any response from Vanguard may be necessary, Vanguard denies the
26 allegations of Paragraph 59.

27 60. Vanguard is not required to admit or deny the allegations of Paragraph
28 60, which relate to a cause of action that is not asserted against Vanguard. To the

1 extent that any response from Vanguard may be necessary, Vanguard denies the
2 allegations of Paragraph 60.

3 61. Vanguard is not required to admit or deny the allegations of Paragraph
4 61, which relate to a cause of action that is not asserted against Vanguard. To the
5 extent that any response from Vanguard may be necessary, Vanguard denies the
6 allegations of Paragraph 61.

7 62. Vanguard incorporates by reference its responses to Paragraphs 1
8 through 61.

9 63. Vanguard is not required to admit or deny the allegations of Paragraph
10 63, which relate to a cause of action that is not asserted against Vanguard. To the
11 extent that any response from Vanguard may be necessary, Vanguard states that the
12 Caroline Williams Charitable Remainder Unitrust and the Black and Williams
13 Family Limited Partnership accounts are maintained with Vanguard. Vanguard
14 further states that a Writ of Garnishment was issued by the Texas District Court in
15 the Texas Litigation. Vanguard further states upon information and belief that the
16 Writ of Garnishment was issued by the Texas District Court at the request of Wells
17 Fargo. Vanguard denies any further allegations of Paragraph 63.

18 64. Vanguard is not required to admit or deny the allegations of Paragraph
19 64, which relate to a cause of action that is not asserted against Vanguard. To the
20 extent that any response from Vanguard may be necessary, Vanguard denies the
21 allegations of Paragraph 64.

22 65. Vanguard is not required to admit or deny the allegations of Paragraph
23 65, which relate to a cause of action that is not asserted against Vanguard. To the
24 extent that any response from Vanguard may be necessary, Vanguard denies the
25 allegations of Paragraph 65.

26 66. Vanguard is not required to admit or deny the allegations of Paragraph
27 66, which relate to a cause of action that is not asserted against Vanguard. To the
28

1 extent that any response from Vanguard may be necessary, Vanguard denies the
2 allegations of Paragraph 66.

3 67. Vanguard is not required to admit or deny the allegations of Paragraph
4 67, which relate to a cause of action that is not asserted against Vanguard. To the
5 extent that any response from Vanguard may be necessary, Vanguard denies the
6 allegations of Paragraph 67.

7 68. Vanguard is not required to admit or deny the allegations of Paragraph
8 68, which relate to a cause of action that is not asserted against Vanguard. To the
9 extent that any response from Vanguard may be necessary, Vanguard denies the
10 allegations of Paragraph 68.

11 69. Vanguard denies each and every allegation of the complaint not
12 specifically admitted above.

13 **Affirmative Defenses**

14 Vanguard states the following affirmative defenses to the causes of action
15 asserted in Plaintiffs' complaint without assuming the burden of proof where such a
16 burden is otherwise on Plaintiffs pursuant to applicable substantive or procedural
17 law:

18 1. Plaintiffs' claims against Vanguard are barred in whole or in part
19 because the complaint fails to state claims against Vanguard upon which the
20 requested relief can be granted.

21 2. Plaintiffs' claims against Vanguard are barred in whole or in part
22 because Vanguard's actions with respect to the accounts in issue were undertaken at
23 the direction of, and in conformity with, the Writ of Garnishment issued to
24 Vanguard on or about August 6, 2012, by the Texas District Court in the Texas
25 Litigation.

26 3. Plaintiffs' claims against Vanguard are barred in whole or in part by
27 the provisions of Texas Civil Practice & Remedies Code § 63.008 and Finance
28 Code § 59.008, which provide statutory protection against Plaintiffs' claims.

1 4. Plaintiffs' claims against Vanguard are barred in whole or in part
2 because Plaintiffs failed to comply with the procedural and substantive
3 requirements of Rules 657 - 679, Tex. R. Civ. P., which set forth procedures for the
4 orderly adjudication of disputes regarding the nature and scope of a writ of
5 garnishment or garnishment judgment.

6 5. Plaintiffs' claims against Vanguard are barred in whole or in part
7 because the issuance and service of the Writ of Garnishment by the Texas District
8 Court in the Texas Litigation fixed jurisdiction to adjudicate title and ownership of
9 subject funds with the Texas District Court, such that this Court lacks subject
10 matter jurisdiction over, and/or is an improper forum for the resolution of,
11 Plaintiffs' claims.

12 6. Plaintiffs' claims against Vanguard are barred in whole or in part
13 because any and all alleged damages are attributable to independent and
14 superseding causes which were not caused by, or reasonably foreseeable to,
15 Vanguard.

16 7. Plaintiffs' claims against Vanguard are barred in whole or in part
17 because any alleged damages sustained by Plaintiffs were proximately caused by
18 the acts or omissions of persons other than Vanguard, and beyond Vanguard's
19 supervision and control.

20 8. Plaintiffs' claims against Vanguard are barred in whole or in part
21 because of the comparative fault of Plaintiffs. If Plaintiffs have been damaged at
22 all, any such alleged damages were the result of their own acts or omissions, and
23 any recovery by Plaintiffs is barred or comparatively reduced by Plaintiffs'
24 percentage fault.

25 9. Plaintiffs' claims against Vanguard are barred in whole or in part
26 because any recovery from Vanguard must be limited in direct proportion to the
27 percentage of fault allocated to Vanguard.

28

1 10. Plaintiffs' claims against Vanguard are barred in whole or in part
2 because Plaintiffs have failed to mitigate any alleged damages.

3 11. Plaintiffs' claims against Vanguard are barred in whole or in part
4 because Plaintiffs may not assert causes of action in tort to recover solely economic
5 losses.

6 12. Plaintiffs' claims against Vanguard are barred in whole or in part
7 because Vanguard's actions at all relevant times were undertaken in good faith and
8 without malice or intention to cause harm.

9 13. Plaintiffs' claims against Vanguard are barred in whole or in part by
10 the doctrine of laches because Plaintiffs have unreasonably delayed in bringing
11 these claims, and said delays have caused prejudice to Vanguard.

12 14. Vanguard gives notice that it intends to rely on any additional
13 affirmative defenses that become apparent or available during discovery, and thus
14 reserves the right to amend its answer to assert such additional defenses.

15 WHEREFORE, Vanguard prays for judgment as follows:

16 1. That Plaintiffs take nothing from Vanguard by reason of the
17 Complaint;

18 2. That judgment be entered in favor of Vanguard and against Plaintiffs,
19 and that the claims against Vanguard be dismissed with prejudice;

20 3. For Vanguard's attorneys' fees and costs of suit incurred herein; and

21 4. For such other and further relief as the Court deems appropriate.

22 DATED: August 30, 2013

23 **PERKINS COIE LLP**

24
25 By: /s/ James G. Bernald
 James G. Bernald

26 Attorneys for Defendant The Vanguard
27 Group, Inc.
28

PROOF OF SERVICE

I am a citizen of the United States and employed in Los Angeles County, California. I am over the age of eighteen years and not a party to the within-entitled action. My business address is 1888 Century Park East, Suite 1700, Los Angeles, California 90067-1721. On August 30, 2013, I served a copy of the **ANSWER** by placing the document(s) listed in a sealed envelope with postage thereon fully prepaid, the United States mail at Los Angeles, California addressed as set forth below:

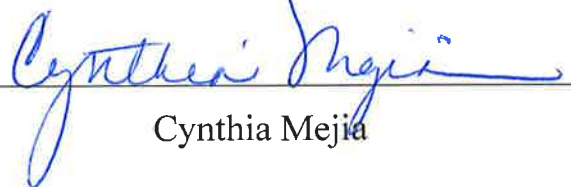
Bruce J. Zabarauskas
THOMPSON & KNIGHT LLP
10100 Santa Monica Boulevard, Suite 950
Los Angeles, CA 90067

Priscilla Moon
COTTONE & MOON
5000 Birch Street, Suite 3000
Newport Beach, CA 92660

I am readily familiar with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. Postal Service on that same day with postage thereon fully prepaid in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

I declare that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on August 30, 2013, at Los Angeles, California.


Cynthia Mejia